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Letter No. 2206

March 28, 1985

NEW LOAN
PROGRAM

Sec'y of Agriculture John Block announced that producers with mature or maturing Commodity Credit Corporation farmer-owned grain reserve loans will be given the opportunity to repledge the collateral under a new Special Producer Storage Loan Program. The new program will permit producers to maintain control of their grain and earn storage payments on it instead of being required to repay the loan or forfeit the grain to CCC. Producers interested in obtaining a loan under the new program should contact their local Agricultural Stabilization and Conservation Service office for details.

U.S. AG
EXPORTS
LIMITED

Record crops abroad, the strong dollar and slow demand growth are limiting U.S. agricultural exports, which are expected to decline in 1984/85, according to the U.S. Department of Agriculture. U.S. agricultural exports to Western Europe will probably decline again this year, from \$9.3 billion in fiscal 1984, with smaller shipments of grains and feeds, oilseeds and products, and animals and products. Exports to Japan and other East Asian countries are also forecast to fall from a record \$10.6 billion last fiscal year. Shipments to Eastern Europe, China, South Asia, Southeast Asia, and Latin America also are expected to decline.

WORLD GRAIN
SITUATION
& OUTLOOK

World grain trade forecasts are basically unchanged from a month ago, according to the U.S. Department of Agriculture. Abundant supplies in most of the major exporting and importing countries and depressed prices as a result of vigorous competition continue to dominate the world grain situation. Some significant developments include: Lack of additional wheat purchases by China...Additional reports of vigorous corn sales activity by China...Poorer corn and wheat export prospects for the U.S....One million-ton increases in 1984/85 USSR wheat and coarse grain import forecasts...A scaling back of S. Africa's expected corn imports...A lower European Community corn import forecast due to lagging shipments.

WORLD
COARSE GRAIN

World coarse grain trade is now forecast to top 102 million tons, up about a half million tons from last month due to stronger demand for sorghum. According to the U.S. Department of Agriculture, forecast demand for coarse grains has strengthened in some markets, particularly the Soviet Union, but the outlook for other markets has deteriorated. The major change in the forecast from last month is an upward revision in the USSR coarse grain import forecast to 26 million tons.

CANADIAN
PORK
DUTY?

The U.S. Department of Commerce announced on March 27 that according to its preliminary determination, exports of live swine and fresh, chilled and frozen pork products from Canada are being subsidized. The Department said the net subsidy was determined to be, in U.S. dollars, .039 cents per pound, or approximately 18 pct. of the declared value. Investigators will go to Canada to verify the accuracy of the data. A final determination is scheduled for June 10. If the determination is affirmative, the International Trade Commission will then decide whether the pork imports are materially injuring the U.S. industry. If the final decisions of both are affirmative, a countervailing duty order will be issued and duties assessed in the amount of the subsidy.

WHEAT
FORECAST

World wheat trade is forecast at 106 million tons, down 1 million tons from last month, according to the U.S. Department of Agriculture. Import demand has weakened recently, while export competition has strengthened. Overall, trade prospects have diminished, primarily due to a major drop in the import forecast for China. Both Australia and Argentina continue to aggressively market their wheat. These factors are expected to have an adverse impact on prospects for U.S. and European Community trade. There's a 1.2 million drop in China's projected wheat imports to 8.3 million tons. There are higher import forecasts for Brazil and the USSR. Continued Soviet buying has pushed projected imports to a record high 26 million tons.

STRONG DOLLAR
TRADE PROBLEM

The strong U.S. dollar boosted foreign exports to the U.S. in 1984 and is expected to do so again this year, according to the U.S. Department of Agriculture. Similarly, foreign exports have underpriced U.S. products in third world markets. The U.S. dollar advanced against all other major currencies the first quarter of 1985, setting records against the British pound, French franc, Italian lira, and Canadian dollar. Continued growth in the U.S. economy is expected to support the dollar in coming months, with only the Japanese yen showing significant resistance.

GLOBAL
ECONOMIC
GROWTH

World economic growth could exceed 3.5 pct. this year, down from last year's estimated 4.1, with the U.S. remaining a strong contributor, despite U.S. growth well below 1984's 6.8 pct., according to the U.S. Department of Agriculture. In the industrialized countries, Japan could lead with a growth rate around 4.5 pct., but Europe will lag behind with 2.5 to 3 pct. East Asia will likely lead the developing regions, and Latin American economic growth could expand at about 3 pct. Overall world trade, although somewhat slower than last year, will be the strength behind expansion in 1985.

APPROVED
LENDER
STATUS

Donald Wilkinson, governor of the Farm Credit Administration, joined with U.S. Secretary of Agriculture John Block in announcing that most Farm Credit System lending institutions will qualify as "approved lenders" following amendments to the regulation for the Farmers Home Administration's Approved Lender Program. FmHA approved lenders are allowed to use their own loan forms, asset appraisals, and other credit related data in applying for FmHA loan guarantees on behalf of stressed borrowers. FmHA provides the lender a guarantee not to exceed 90 percent of the principal and interest if the lender services the loan as agreed.

FROM OUR
TELEVISION
SERVICE

"Federal Crop Insurance Update"...The Federal Crop Insurance Corporation is currently proposing to provide its insurance programs solely through commercial reinsured companies. USDA Deputy Manager Edward Hews focuses on reasons behind the proposed change. Vic Powell interviews. (346)

"National Residue Program - I"...Dr. Donald Houston, Administrator with USDA's Food Safety and Inspection Service, offers some background on the National Residue Program - when and how it began. Jim Johnson interviews. (347)

"National Residue Program - II"...Dr. Lester Crawford of the Food and Drug Administration, talks about their role in the National Residue Program and how FDA determines the level of safety of certain drugs and chemicals. Jim Johnson interviews. (348)

"Tax Regulations for Farm Vehicles"...Al Bock, University of Illinois, describes how new tax regulations for business use of vehicles will affect farmers and their pick up trucks. Gary Beaumont interviews. (349)

"Volcanoes Control Corn Yields"...Paul Handler, University of Illinois, discusses his theory of how volcanoes affect weather and therefore crop yields, which may radically change the nature of long-range weather forecasting. Gary Beaumont interviews. (350)

GREAT
PLAINS &
WIND EROSION

Wind erosion in the Great Plains during the four months ending Feb. 28 was higher than during the same four months in any year since 1981. Peter Myers, Chief of the U.S. Department of Agriculture's Soil Conservation Service, said reports from the 10-state area indicate wind damage on 4 million acres between Nov. 1, 1984 and Feb. 28, 1985-- compared to 3.4 million acres damaged during the same period a year earlier. Of the land damaged, 96 pct. was cropland, 3 pct. was rangeland and 1 pct. was other land.

PRIVATE FUNDING
FOR USDA CORN
RESEARCH

According to Sec'y of Agriculture John Block, Pioneer Hi-Bred International, Inc. will grant \$1.5 million to support USDA research on Latin American collections of corn seed. The project could potentially reduce year-to-year fluctuations in corn yields and lessen farmers' dependence on chemical pesticides. The seed collections contain more than 20,000 samples of corn seed that could be used to develop superior corn hybrids.

GRAZING
FEES

Public comments are being sought on alternative methods for determining fees for grazing livestock on more than 300 million acres of federal land, according to the U.S. Department of Agriculture. After the public comments are analyzed, the Secretaries of Agriculture and Interior will submit a recommended alternative to Congress. Public comments are essential to ensure the recommended alternative will result in grazing fees that are both reasonable and fair. After public briefings are held in Washington and ten western cities, the public will have until April 29 to comment on the draft report. Submit comments to: Grazing Fees, FS/BLM Central, 324 25th Street, Ogden, Utah 84401.

OFF MIKE

A little housekeeping on items of interest here at USDA to begin with this week. Number 1, if you've been listening to your news line and/or our tape services lately, you're hearing a new voice...George Holmes. George replaced Doug Wakefield who is in his own business now teaching computers to sight handicapped people. George comes to us from Dave Carter's EMS Radio and Television service (EMS stands for USDA's Economics Management Services). Dave's group has been disbanded and George became available at a good time for us. Dave and Lynn Wyvill, the other member of Dave's crew, are still with EMS, working on training videotapes and with plans to get into documentary production. Number 2 change is that our radio secretary Barbara Artis left to take a new job in the Department of Energy, and our new radio secretary is Wanda White. No doubt you will be talking to her on the phone from time to time. And that brings us up-to-date, for the time being, at least ... Back a newsletter or so I mentioned that Gene Wheatley (KWTW/KOMA, Oklahoma City, OK) is working with a new meteorologist by the name of Nelson Robinson, not to be confused with USDA's Nelson Robinson. Shortly after the item came out, we received this information from Dix Harper (WRAL/Tobacco Net, Raleigh, NC), "The reason Gene is now working with Nelson Robinson...a good name in Oklahoma before the USDA lured the old original Nelson away...is that Gene's previous meteorologist is now in Raleigh. Dave Eichorn moved from KWTW to work each morning with our crew on WRAL-TV." So, now you know ... Layne Beaty is back in Washington, D.C. after he and Virginia spent a few delightful weeks house-sitting in California ... And finally, a belated congratulations to Glenn Kummerow (KATZ, Chicago) for his appointment to AGRI MARKETING magazine's 1985 editorial advisory board.


FROM OUR RADIO
SERVICE

AGRICULTURE USA #1452...(Weekly 13 min. documentary) The U.S. has been sending food to drought stricken Africa for several months now. Recently a team of American officials visited Africa to find out if the food is getting to the people. Brenda Curtis talks with one member of the team.

AGRITAPE/FARM PROGRAM REPORT #1441...(Weekly reel of news features) USDA news highlights; A ruling on Canadian pork imports; USDA gets money to study Latin American corn varieties; New farm storage program for grain; First American cattle to China.

CONSUMER TIME #934...(Weekly reel of five 2½-3 min. features) Meat and poultry hotline; Consumers should know; Bears waking up; Avoiding bears; Kids and agriculture.

USDA RADIO NEWS SERVICE...Mon, April 8, Horticultural export situation; Tues, April 9, Crop and weather update; Wed, April 10, U.S. crop production, World ag. supply and demand; USSR grain outlook. Thurs, April 11, World crop production, World cotton situation, World oilseeds situation, World grain situation. Dial the USDA National News Line 202/488-8358 or 8359. All material changed at 5 p.m. EST each working day.



JAMES L. JOHNSON, Chief
Radio and Television Division